



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

Date: 3/28/2008

GAIN Report Number: KS8017

Korea, Republic of

Dried Fruit

Market Brief

2008

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Report Highlights:

The Korean market for dried, prepared and preserved fruit is roughly valued at \$85 million. Consumption of imported dried fruit products continues to increase as consumers seek new tastes and healthier food alternatives. In 2007, U.S. exports of dried fruit grew to \$7.5 million; however, for the first time dried fruit infused with sugar or syrup outpaced traditional dried fruit reaching \$9.8 million. U.S. suppliers are likely to maintain a leading market share for raisins, prunes, dried blueberries and cranberries. Under the KORUS FTA, the tariffs for raisins and dried apricots will be eliminated immediately upon implementation and the tariff for prunes will be eliminated by year two.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Seoul ATO [KS2]
[KS]

SECTION I. MARKET OVERVIEW

The highly positive and healthy image of fruit in Korea continues to increase the per capita consumption of products incorporating fruit ingredients. Imported processed fruit products, including dried, frozen, prepared and preserved products, account for the majority of domestic use as most of the local fruit production is consumed fresh.

Imports of fresh fruit tend to be protected through barriers in the form of high tariffs, import quotas and SPS protocols; however, processed fruit products are comparatively free from import barriers. As a result the market share of these imported products has expanded over the years. Total imports of dried fruit have grown by 16 percent in the past two years to reach \$19 million in 2007. Total imports of frozen fruit grew by 28 percent from 2006 to 2007 to reach \$36 million. Total imports of prepared and preserved fruit grew by 23 percent from 2006 to 2007 to reach \$64 million.

American dried fruit products that are currently being imported into Korea include raisins, prunes, cranberries and blueberries. Consumers are just beginning to develop a taste for more diverse high-value American products such as dried cherries, figs and apricots. Most of these products are being targeted to the premium segment of the market as local importers and traders recognize that American products offer higher and more consistent quality.

Imported American dried fruit is largely distributed through retail stores as snack items; however, the processing and food service sectors are likely to present growing opportunity for American dried fruit in the coming years. Currently, the processing and food service sectors tend to rely on low-value dried fruit products from export-oriented countries such as Philippines, Thailand, Indonesia and China.

Advantages	Disadvantages
The demand for new tastes and healthier food options is leading to an increased consumption of imported dried fruit.	Export-oriented competitors offer lower prices for many products, including mango, banana, pineapple, strawberry and figs.
Due to unfavorable growing conditions, Korea relies heavily on imported fruit and related products.	Local traders and consumers have not yet developed a taste nor do they understand the possible uses for many new-to-market dried fruit products.
Local traders recognize that American products offer higher and more consistent quality than competitors.	For use in the food processing sector, dried fruit generally commands higher prices compared to alternative ingredients such as cheese and chocolate.
Under the KORUS FTA, the tariffs for raisins and dried apricots will be eliminated immediately upon implementation and the tariff for prunes will be eliminated by year two.	Competitors, China in particular, are likely to expand production of dried fruit products including cranberries and blueberries as demand increases.

SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

1. Entry Strategy

Because of the many variables involved, there is no perfect way to enter the Korean market. Success is unlikely without catered support from local partners. Established importers are well aware of the market demand/supply intelligence, local business laws and practices, distribution, and government regulations. The Agricultural Trade Office (ATO) in Seoul

maintains listings of Korean importers by product or by industry, which are available at no cost to U.S. exporters. ATO Seoul also feeds trade leads from Korean importers to State Regional Trade Groups (SRTGs), which are disseminated to U.S. exporters through the network of the state departments of agriculture. ATO Seoul regularly organizes Korean buyer missions in cooperation with SRTGs and other relevant USDA cooperators to major food trade shows in the United States, such as the [Global Food & Style Expo](#) in Chicago on April 27-29, 2008 and the [National Restaurant Association Show](#) in Chicago on May 17-20, 2008. These shows offer a great opportunity to present your products to Korean visitors.

However, exhibiting in Korean food trade shows may be the most cost-efficient way of meeting a large number of Korean buyers in one place. Currently, the [Seoul Food and Hotel Show](#) (SFH) in Seoul on May 14-17, 2008 is the only show in Korea endorsed and supported by the U.S. Department of Agriculture's Foreign Agricultural Service. Exporters who are considering exhibiting in any Korean trade show may contact ATO Seoul for guidance and information. Other than SFH, most local shows are consumer-oriented and not particularly efficient for promoting new products.

After finding a local partner, marketing will be critical. Consumers are not familiar with the taste of many new imported dried fruit products. Most new products are introduced through the food service sector first and then later introduced through the retail sector after consumers have become more familiar with them. Educating local food service buyers and opinion leaders about the possible uses and applications is one of the biggest challenges new suppliers will face. A strategy of "*recipes first, products second*" is highly recommended. This strategy introduces recipe ideas through culinary camps, seminars, or demonstrations and provides the buyer with an opportunity to understand how the dried fruit is used in cooking, the optimal final appearance of the product, and taste of the product.

2. Market Size, Structure and Trends

The Korean import market for dried, prepared and preserved fruit is roughly valued at \$84 million in 2007. It is difficult to estimate accurately the size of the market because there is no government or industry data available and the HS Code system is not sub-categorized enough to provide codes specifically for an individual dried fruit product. Furthermore, products that are preserved in sugar or syrup, which comprises a significant portion of the imported dried fruit market, are grouped together under the prepared and preserved chapter.

Nonetheless, the market for dried fruit is growing and U.S. exports of dried fruit are growing. In 2007, U.S. exports of dried fruit increased 4.2 percent by value from \$7.2 million to \$7.5 million. However, U.S. exports of prepared and preserved fruit grew by a spectacular 56.3 percent by value from \$6.2 million to \$9.8 million outpacing the traditional dried fruit category. This is because U.S. dried fruit coated or infused with sugar or syrup are preferred over natural dried products. Korean traders believe these types of products look better and are easier to use in processed foods. In addition, these products have a longer shelf life than naturally dried fruit.

Korean Imports of Dried, Prepared and Preserved Fruit

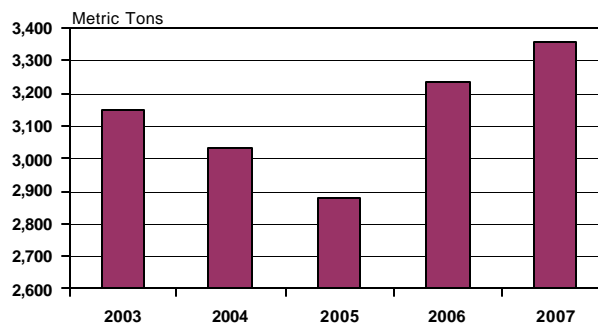
Dried Fruit							
	2005		2006		2007		Market Share
	USD	MT	USD	MT	USD	MT	
Dates (0804.10)	\$8,777	9	\$42,851	56	\$5,614	4	Pakistan 83% France 17%
Figs (0804.20)	\$1,096,589	709	\$1,049,790	705	\$1,653,885	816	Iran 85.6% Turkey 11.5% U.S. 2.6%
Raisins	\$5,205,855	3,208	\$5,256,644	3,470	\$5,584,333	3,561	U.S. 93.8%

(0806.20)							Turkey 3.9%
Apricots (0813.10)	\$496,061	221	\$565,007	292	\$784,030	318	Turkey 98.6% U.S. 0.8%
Prunes (0813.20)	\$594,908	171	\$2,200,261	542	\$2,177,501	610	U.S. 98.3%
Apples (0813.30)	\$53,471	9	\$319,107	18	\$64,363	9	U.K. 37.7% U.S. 21.7%
Persimmons (0813.40.1000)	\$6,694,540	5,472	\$6,931,553	4,202	\$8,679,159	4,481	China 100%
Jujubes (0813.40.2000)	\$246,068	260	\$281,369	260	\$288,521	234	China 99.9%
Other (0813.40.9000 and 0813.50)	\$259,223	47	\$372,446	57	\$665,608	96	China 84.7% U.S. 4.7%
Total	\$14,655,492	10,106	\$17,019,028	9,602	\$19,903,014	10,129	U.S. 37.6%
Prepared and Preserved Fruit							
	2005		2006		2007		Market Share
	USD	MT	USD	MT	USD	MT	
Pineapple (2008.20)	\$12,699,419	15,630	\$12,067,127	14,639	\$13,445,210	14,987	Philippines 69.6% Thailand 21.0% U.S. 5.5%
Apricots (2008.50)	\$113,776	97	\$131,063	108	\$123,779	94	S. Africa 76.6% France 8.1% U.S. 5.6%
Cherries (2008.60)	\$4,289,884	1,834	\$3,604,316	1,483	\$4,476,309	1,650	U.S. 71.3% China 16.2% France 10.9%
Strawberries (2008.80)	\$1,085,380	442	\$1,549,469	577	\$1,966,143	701	U.S. 75.4% France 11.5% Belgium 4.7%
Other – Preparations of Vegetables, Fruits, Nuts Not Specified Elsewhere (2008.99.9000)	\$29,384,496	39,994	\$34,550,154	52,359	\$43,772,977	66,255	China 55.7% Thailand 14.2% U.S. 9.9% Philippines 6.7% Indonesia 5.8% France 2.2%
Total	\$47,572,955	57,997	\$51,902,129	69,166	\$63,784,418	83,687	U.S. 15.3%
Total Dried, Prepared and Preserved Fruit							
	2005		2006		2007		Market Share
	USD	MT	USD	MT	USD	MT	
Total	\$62,228,447	68,103	\$68,921,157	78,768	\$83,687,432	93,816	U.S. 20.6%

Source: Korea Trade Information Service (KOTIS)

It is estimated that almost all dried fruit marketed in Korea, other than dried persimmons and jujubes, are imported. According to industry sources, the majority of dried fruit imported are tropical fruit, such as bananas, pineapples and mangoes; but also, persimmons and raisins. The demand for specialty dried fruit, such as prunes, strawberries, cranberries, blueberries, cherries, apricots, figs and dates, remains comparatively small due to the relatively higher prices and the limited experience of local consumers for these types of dried fruit.

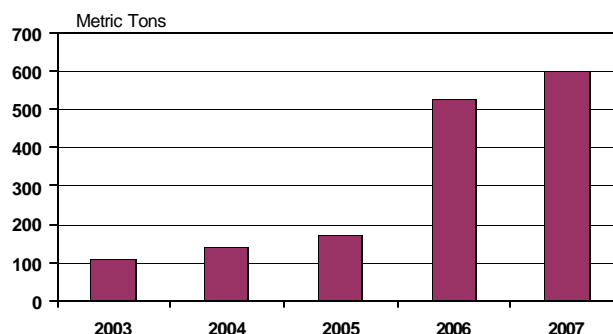
Korean Imports of U.S. Raisins



Korea is the sixth largest market for U.S. raisins and the United States remains the dominant supplier of raisins to Korea. Shipments in recent years have increased and in 2007, the United States shipped 3,356 tons. Although Turkey supplies some low-grade product to the processing industry; there have been some reports of quality problems (the presence of stems and sand). As a result, it is expected that the higher quality American product will maintain a dominant share in the market in the foreseeable future. Although imported raisins are mostly sold in retail stores as a packaged snack item, raisins are one of the most widely used dried fruit in the processing, bakery and food service industry due to the relatively lower price.

Imports of prunes from the United States are rapidly increasing as Korean women view prunes as an effective source of dietary fiber. Prunes are mostly sold through retail stores. Interestingly, a significant share of imported prunes is currently sold through local drug stores, which may help to develop the functional image of prunes in the minds of local consumers. Although the United States has a 97 percent market share, a small amount of prunes are also being imported from France and Singapore. Korean consumers hold no negative image associated with prunes as far as the name is concerned (prunes versus dried plums).

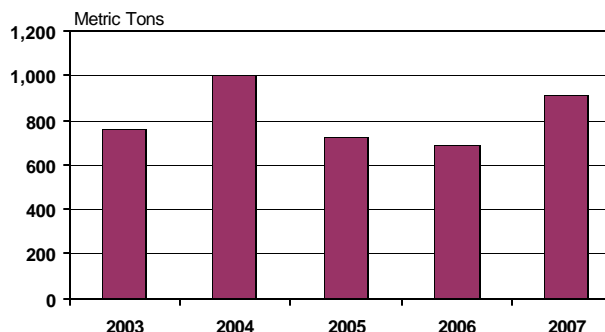
Korean Imports of U.S. Prunes



By all estimates, the United States holds a dominant share of the market for dried cranberries, blueberries and cherries. These products are usually imported infused with sugar or syrup and they fall under a miscellaneous category within the HS code system. These products are used mainly in the processing and bakery industries, although a significant portion of high-value specialty dried berries are currently sold in the retail sector as snack items.

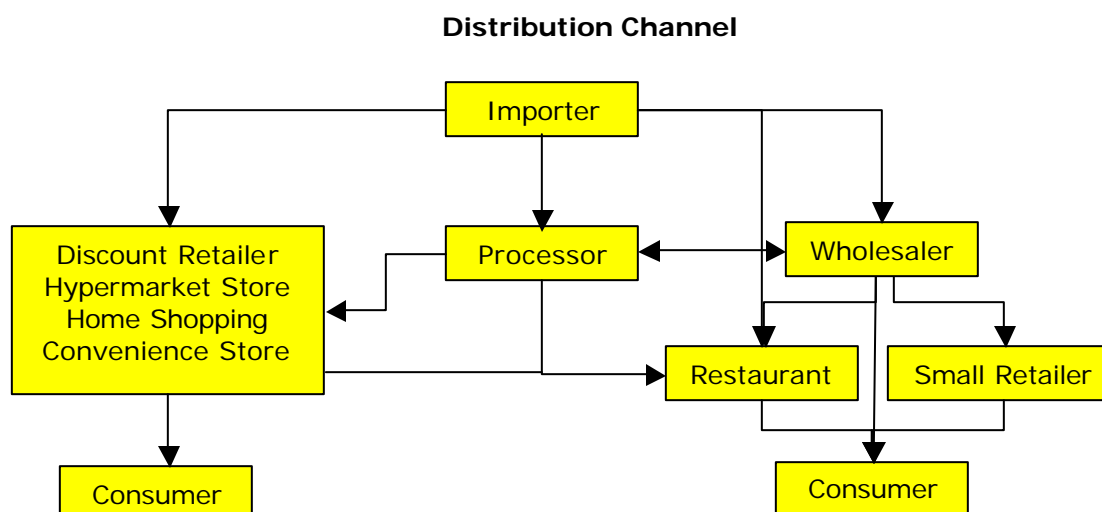
China is expected to expand their market share for prepared and preserved dried fruit products in the coming years. Traders report that Chinese syrup infused blueberry products, backed by increased production in recent years, are now being offered to Korea and Japan at prices much lower than American blueberries. European suppliers, including France and Italy, present little competition in Korea for dried fruit as they tend to focus more on frozen fruit.

Korean Imports of U.S. Prepared and Preserved Miscellaneous Fruit



It is estimated that distribution of imported dried fruit is evenly divided among large-scale retailers, processors, and wholesalers. While large-scale retailers target consumers in metropolitan markets, wholesalers focus on restaurants and small retailers in regional markets where large-scale

retailers are yet to penetrate. Processors supply to large-scale retailers, wholesalers and large-scale restaurant franchises.



3. Company Profiles

Dried fruit is mainly imported by specialty food importers who also often import bakery ingredients, nuts and confectionery products. A limited number of large processors and retailers import those dried fruit products that they use in large quantities; while independent importers import a wider variety of products in small volumes. Contact ATO for more specific information about Korean importers and distributors.

SECTION III. COSTS AND PRICES

The table below describes current import tariffs on dried, prepared and preserved fruit and the expected reduction after the implementation of the Korea-U.S. Free Trade Agreement (KORUS FTA) which is currently pending ratification in the legislature of both countries.

Potential Change of Import Tariffs on American Dried Fruit

Product	HS Code	Current Tariff Rate	KORUS FTA Staging Category	Number of Equal Annual Stages Until Duty Free
Banana, Fresh or Dried	0803.00.0000	40%	D	5
Date, Fresh or Dried	0804.10.0000	30%	G	10
Fig, Fresh or Dried	0804.20.0000	30%	F	7
Pineapple, Fresh or Dried	0804.30.0000	30%	G	10
Guava, Fresh or Dried	0804.50.1000	30%	D	5
Mango, Fresh or Dried	0804.50.2000	30%	G	10
Raisin	0806.20.0000	21%	A	0
Dried Apricot	0813.10.0000	45%	A	0
Prune	0813.20.0000	18%	B	2
Dried Persimmon	0813.40.1000	50%	G	10
Dried Jujube	0813.40.2000	50%	M	12

		(TRQ) 611.5% or 5,800 won/kg		
Pineapple, preserved or prepared	2008.20.0000	45%	G	10
Apricot, preserved or prepared	2008.50.0000	45%	D	5
Cherry, preserved or prepared	2008.60.0000	45%	G	10
Strawberry, preserved or prepared	2008.80.0000	45%	H	15
Preparations of Vegetables, Fruits, Nuts Not Specified Elsewhere	2008.99.9000	45%	G	10

The KORUS FTA will allow American dried, prepared and preserved products to be more competitive on price. In particular, raisins and dried apricots will enter Korea duty free upon implementation of the KORUS FTA, while the tariffs on prunes will be phased out over two years.

The Korea-Chile Free Trade Agreement, which entered into force in April 2004, has not yet generated significant competition to U.S. dried fruit imports in Korea. Some of the Chilean products that were subject to staged tariff elimination are raisins (duty free, effective January 1, 2014), figs (a 10-year phase out), prunes (a 10-year phase out) and prepared, preserved, or processed fruit not elsewhere specified (HS 2008.99.9000, a 7-year phase out). Korea has also concluded two other FTAs with Singapore and EFTA, neither of which provided much tariff reduction for dried fruit. Korea is currently engaged in FTA talks with several other countries, including the EU and Canada. There has been some interest in starting talks with China, which is widely believed to be a bilateral agreement that would be very beneficial to the Korean economy; however, nothing has begun in earnest yet.

Jujube is the only product among all the dried fruit that Korea imports under the WTO Minimum Market Access program. The import quota volume, which is subject to a 50 percent tariff rate, is 259.5 metric tons per year. Outside the quota imports are subject to a restrictive 611.5 percent tariff or 5,800 won/kg tariff. The quota is allocated every year to importers through a bidding process. China remains the dominant supplier of jujubes through this MMA program.

Retail Price Survey: Imported Dried Fruit (March 2008)¹

Product	Origin	Retail Price (Bulk)
Apricot	Turkey	6,700 won / kg
Prune	USA	6,700 won / kg
Strawberry	USA	66,000 won / kg
Raspberry	USA	66,000 won / kg
Cherry	USA	66,000 won / kg
Cranberry	USA	19,800 won / kg
Blueberry	USA	66,000 won / kg
Banana	Philippines	3,500 won / kg
Mango	China	6,900 won / kg

¹ \$1 = KRW970 (March 2008)

	Thailand	9,900 won / kg
	Philippines	19,800 won / kg
Pineapple	Thailand	5,800 won / kg
Papaya	Thailand	6,700 won / kg
Raisin	USA	3,500 won / kg
	USA (organic)	7,130 won / kg
	China (green raisin)	4,500 won / kg
	Turkey (brown raisin)	7,800 won / kg
Fig	Iran	5,900 won / kg
	Turkey	6,700 won / kg
	USA (mission variety)	8,900 won / kg
Kiwi	China	7,900 won / kg

SECTION IV. MARKET ACCESS

1. Labeling Requirements

All imported dried fruit products are required to be labeled on the box, when shipped in bulk, or on the individual package with required information in Korean. Stickers may be used instead of manufacturer-printed Korean language labels. The sticker should not be easily removable and should not cover the original labeling. Labels should have the following inscriptions printed in letters large enough to be readily legible:

- (1) Product and Producer Name
- (2) Product type
- (3) Importer's name and address, and the address where products may be returned or exchanged in the event of defects
- (4) Manufacture date (month, and year or lot number)
- (5) Shelf life
- (6) Weight, volume or number of pieces.
- (7) Ingredient names and content.
- (8) Storage and handling instructions

Effective September 7, 2006, the names of all ingredients have to be included on the Korean language label. Artificially added purified water and names of ingredients used to make a composite raw ingredient amounting to less than five percent of the product in weight will be excluded from the requirement. In case of a composite raw ingredient amounting to less than five percent of the product by weight, only the name of the composite raw ingredient must be listed on the Korean language label. In the case of a composite raw ingredient amounting to over five percent of the product by weight, the names of all ingredients contained in the composite raw ingredient must be listed on the Korean language label. Ingredients must be listed in order of predominance by weight, that is, the ingredient that weighs the most is listed first, and the ingredient that weighs the least is listed last. Food additives must also be listed by full name, abbreviated name, or purpose on the label (e.g. Ferric Citrate, FECitrate, or nutrient fortified substance). Food items known to be food allergens must be indicated on the label even if they are added as part of a mix at minimal levels. Food items considered as food allergens include eggs, milk, buckwheat, peanuts, soybeans, wheat, mackerel, crab, pork, peaches and tomatoes. Any food product containing one or more of the 11 items listed above as a raw ingredient(s) must indicate so on the Korean language label.

2. Certificates Requirements

Imported dried fruit that contains no added ingredients such as sugar must be accompanied by Phytosanitary Certificate, PPQ Form 577, issued by USDA/APHIS (Animal & Plant Health Inspection Service). The issuance date of the phytosanitary certificate shall be prior to the departure date listed on the Bill of Lading. Also, the inspection date on a certificate must be prior to the departure date. Products imported for processing in Korea might be exempted from the requirement. Suppliers must check detailed regulations with the Korean authority through the Korean import partner.

Organic dried fruit must be accompanied by the following two documents:

- (1) A copy of an organic certificate issued by the USDA-accredited certifying agent. The certificate must include the following information:
 - (a) Name, address and phone number of the certifying agent
 - (b) A list of the types of organic food the operation is certified by the certifying agent to produce or process
 - (c) The company name, address and effective date (or renewal date) of the certification
- (2) An original ingredient statement (a list of all ingredient names) issued by the manufacturer (only required for organic food products made of mixed ingredients) that includes the office/department/division name, name and signature of the issuer.

Please note that a "transaction certificate" is no longer required for imported organic food products.

3. Import Procedures and Testing Requirements

The Korea Customs Service (KCS), the Korea Food and Drug Administration (KFDA), and the National Plant Quarantine Service (NPQS) are the agencies involved in the import clearance process for agricultural products. KCS is responsible for ensuring that all the necessary documentation is in place before the product is released from the bonded area. KCS and KFDA work within the same Electronic Data Interchange (EDI) system, which allows KFDA inspection results to be transmitted to KCS quickly, shortening the KCS clearance time. NPQS must clear products before KCS will clear them.

The first shipment of dried fruit by each U.S. supplier will be subject to a mandatory inspection including pesticide residue testing by the Korea Food and Drug Administration (KFDA). Once it passes the KFDA inspection, subsequent shipments from the same supplier will not be subject to mandatory laboratory inspections unless the shipment is subject to "random" laboratory inspections. In addition to KFDA's inspection, dried fruit with no added ingredients are also subject to phytosanitary quarantine inspection by NPQS. NPQS will check for the presence of quarantine pests and if detected, take the necessary measures.

4. MRL Standards

KFDA establishes and enforces MRLs standards. CODEX values are the principal default levels when no KFDA MRLs have been established. This means that other tolerance levels, such as CODEX, etc., are not accepted when an MRL is established for a given pesticide in the Korean Food Code. In the absence of CODEX standards, then MRLs set for a similar crop group shall apply. Currently, KFDA only has MRL standards for raisins.

Korean MRL Standards for Raisins

Pesticide	PPM	Pesticide	PPM
Aldrin & Dieldrin	0.01	Malathion	0.5

Captan	5.0	Methoxychlor	14.0
Carbofuran	0.5	Propoxur	3.0
DDT	0.2	Simazine	0.25
Fenamiphos	0.3	Tolyfluanid	5.0
Flusilazole	1.0		

Source: Korea Food and Drug Administration (KFDA)

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

For further information about the Korean agricultural market, please contact:

U.S. Agricultural Trade Office

Korean Address: Room 303, Leema Building
146-1, Susong-dong, Chongro-ku, Seoul, Korea
U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-ATO, APO, AP 96205-5550
Telephone: 82-2 397-4188 Fax: 82-2 720-7921
E-mail: atoseoul@usda.gov
Website: www.atoseoul.com

Agricultural Affairs Office

Korean Address: U.S. Embassy, 82, Sejong-ro, Chongro-ku, Seoul, Korea
U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-AgAff, APO, AP 96205-5550
Telephone: 82-2 397-4297 Fax: 82-2 738-7147
E-mail: agseoul@usda.gov

For more information on how you can register for USDA/FAS' Supplier List:

The United States Department of Agriculture's Foreign Agricultural Service (USDA/FAS) offers information and services that can be beneficial to both new and experienced exporters. For example, the U.S. Suppliers Service is a searchable database of over 5,000 U.S. exporters and their products, which is used by USDA/FAS to help facilitate connecting potential buyers with U.S. suppliers. This database is used by more than 85 USDA FAS Overseas offices to help export agents, trading companies, importers and foreign market buyers locate U.S. suppliers. It is also used to recruit U.S. exporters to participate in market development activities sponsored by USDA and federal export programs.

You can register online for this service at
<http://www.fas.usda.gov/agexport/exporter.html>

AgConnections Team
AgExport Services Division, Foreign Agricultural Service, Washington, D.C.
Telephone: 202-690-4172 Fax: 202-205-2963
E-mail: joyce.estep@usda.gov
Website: www.fas.usda.gov/agx/agx.html

For further information about sanitary and phytosanitary requirements, please contact:

[U.S. Animal Plant and Health Inspection Service \(APHIS\)](#)

Korean Address: Room 303, Leema Building
146-1, Susong-dong, Chongro-ku, Seoul, Korea
U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-APHIS, APO, AP 96205-5550

Telephone: 82-2 725-5495 Fax: 82-2 725-5496
E-mail: yunhee.kim@aphis.usda.gov
Website: www.aphis.usda.gov

For information about activities by Strategic Trade Regional Groups, please contact:

Food Export Association of the Midwest USA

309 W. Washington St., Suite 600
Illinois 60606
Telephone: 312-334-9200 Fax: 312 334-9230
E-mail: thamilton@foodexport.org
Website: www.foodexport.org

Western United States Agricultural Trade Association (WUSATA)

2500 Main Street, Suite 110, Vancouver, WA 98660-2697, USA
Telephone: 360-693-3373 Fax: 360-693-3464
E-mail: bruce@wusata.org
Website: www.wusata.org

Food Export USA - Northeast Region of the United States

150 S. Independence Mall West, 1036 Public Ledger Building
Philadelphia, PA 19106, USA
Telephone: 215-829-9111 Fax: 215-829-9777
E-mail: jcanono@foodexportusa.org
Website: www.foodexportusa.org

Southern United States Agricultural Trade Association (SUSTA)

2 Canal Street Suite 2515, New Orleans, LA 70130, USA
Telephone: 504-568-5986 Fax: 504-568-6010
E-mail: jim@susta.org
Website: www.susta.org

For information on the commercial and industrial products in Korea, please contact:

U.S. Commercial Service

Korean Address: U.S. Embassy, 82, Sejong-ro, Chongro-ku, Seoul, Korea
U.S. Mailing Address: U.S. Embassy Seoul, Unit 15550-USCS, APO, AP 96205-5550
Telephone: 82-2 397-4535 Fax: 82-2 739-1628
E-mail: Seoul.office.box@mail.doc.gov Homepage: www.buyusa.gov/korea